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FOODNEWS

'Determined to make Cheddar price increase stick'—Rooney

Dairy Crest Creameries—the butter, cheese and milk powder division of the Milk Marketing Board for England and Wales (MMB), has announced a price increase of £195 per metric ton on Cheddar and territorial cheese effective from June 1 (see also page 7).

Mike Rooney, director of the cheese branch, said: "In large measure, this is a direct consequence of the EEC farm price review. There are, however, other factors at work as well. For some time the market price for Cheddar has yielded a return below intervention equivalent for the milk utilised.

"During the last six months, production has been restricted and the effects of this cut-back are showing through in a tight stock position. Milk is being diverted to other more profitable uses.

"We are determined to make this price increase stick in order to restore the return to a realistic level, thus avoiding an inevitable contraction in British cheese manufacture."

USA MAY EXPORT SURPLUS BUTTER

According to a report in the "Washington Post" the USA is seriously considering moving its butter "mountain" in world markets. Likely destination for most of it would be the USSR. Although the issue will be just as politically sensitive as it has been in the EEC, it would be a logical solution.

In realistic marketing terms — and ignoring politics—it is obvious that the EEC would still have a butter surplus had it not been for the USSR disposals. Currently, EEC stocks are minimal—although production is running high right now—but the USA Commodity Credit Corporation (CCC) is holding over 170,000 metric tons.

The "Washington Post" reports the world market price at around US$1.05 per lb — roughly 50 cents per lb less than the Department of Agriculture (USDA) paid for its stocks. If 100,000 tonnes could be sold on the world market, the US government would earn about US$200 million and save on storage costs.

The issue is sensitive as such sales, especially to the USSR, would be seen in some quarters as a US$50 million subsidy paid for by American taxpayers. There butter would be sold at one dollar per lb below the US retail price.

This was the problem in the EEC, where the UK opposed USSR butter sales. The hard commercial truth, however, is that the Soviet Union is the biggest butter importing country in the world now and countries such as Finland, New Zealand and Norway have had no reservations about the trade.

Nor, too, have EEC exporters—France shipped 36,561 tonnes of packet and bulk butter in 1980, worth Frs 252.5 million, and 20,862 tonnes of butteroil worth Frs 150 million, while shipments from the Netherlands were around 25,000 tonnes, earning Hfl 76 million. And between July 1979 and June 1980, New Zealand sold 34,400 tonnes of butter worth NZ$41.7 million.

The fact that butter produced in the United Kingdom obviously found its way into the Soviet Union is embarrassing, but the British make no secret of the fact that the Milk Marketing Board's agent—A. H. Philpot—has just sold 5,000 tonnes of skimmed milk powder worth £2.5 million to Cuba.

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